

Transportation & Ports Subcommittee

MEETING PACKET

**Wednesday, January 21, 2015
2:00 PM – 4:00 PM
Sumner Hall (404 HOB)**

Committee Meeting Notice

HOUSE OF REPRESENTATIVES

Transportation & Ports Subcommittee

Start Date and Time: Wednesday, January 21, 2015 02:00 pm
End Date and Time: Wednesday, January 21, 2015 04:00 pm
Location: Sumner Hall (404 HOB)
Duration: 2.00 hrs

Presentation by the Florida Ports Council
Presentation by the Florida Airports Council

NOTICE FINALIZED on 01/14/2015 14:25 by Manning.Karen

*Florida's Seaports:
The Gateway to International Trade
and the Global Cruise Capital*



www.flaports.org



Florida Ports Council

Who We Are:

- ⦿ The professional association for Florida's 15 public seaports

What We Do:

- ⦿ Advocacy – State and Federal seaport policy
- ⦿ Planning – Research on state and federal seaport issues
- ⦿ Administration of the statutory Florida Seaport and Transportation Economic Development Program (FSTED) – a funding program of the Florida Legislature.



Florida Seaports



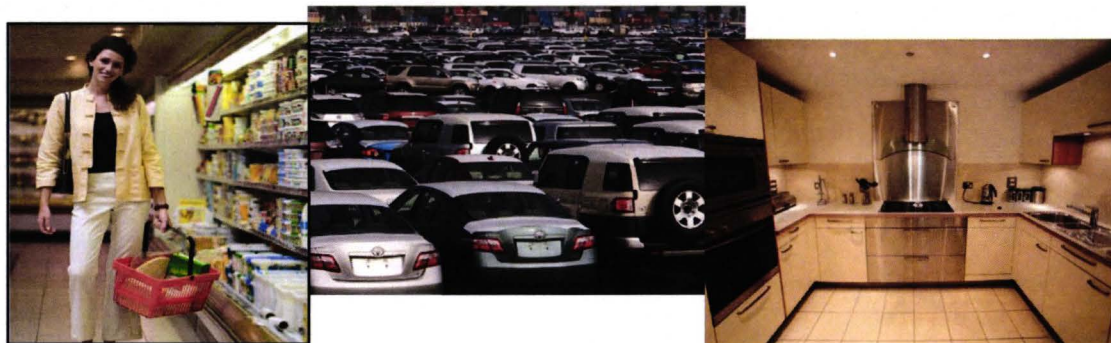
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Florida's Consumer Population

- ❖ Florida has almost **20 million residents** with more than \$800 billion in personal income.
- ❖ Approximately **93.7 million visitors came to Florida in 2013**, spending more than **\$76.1 billion** on goods and services.
- ❖ This consumer market continues to grow as Florida is now the **third largest state in the U.S.** with more tourists than any other state.



Impact of Seaports



Almost every type of product Florida consumers wear, eat or use in their daily lives flows through Florida seaports.



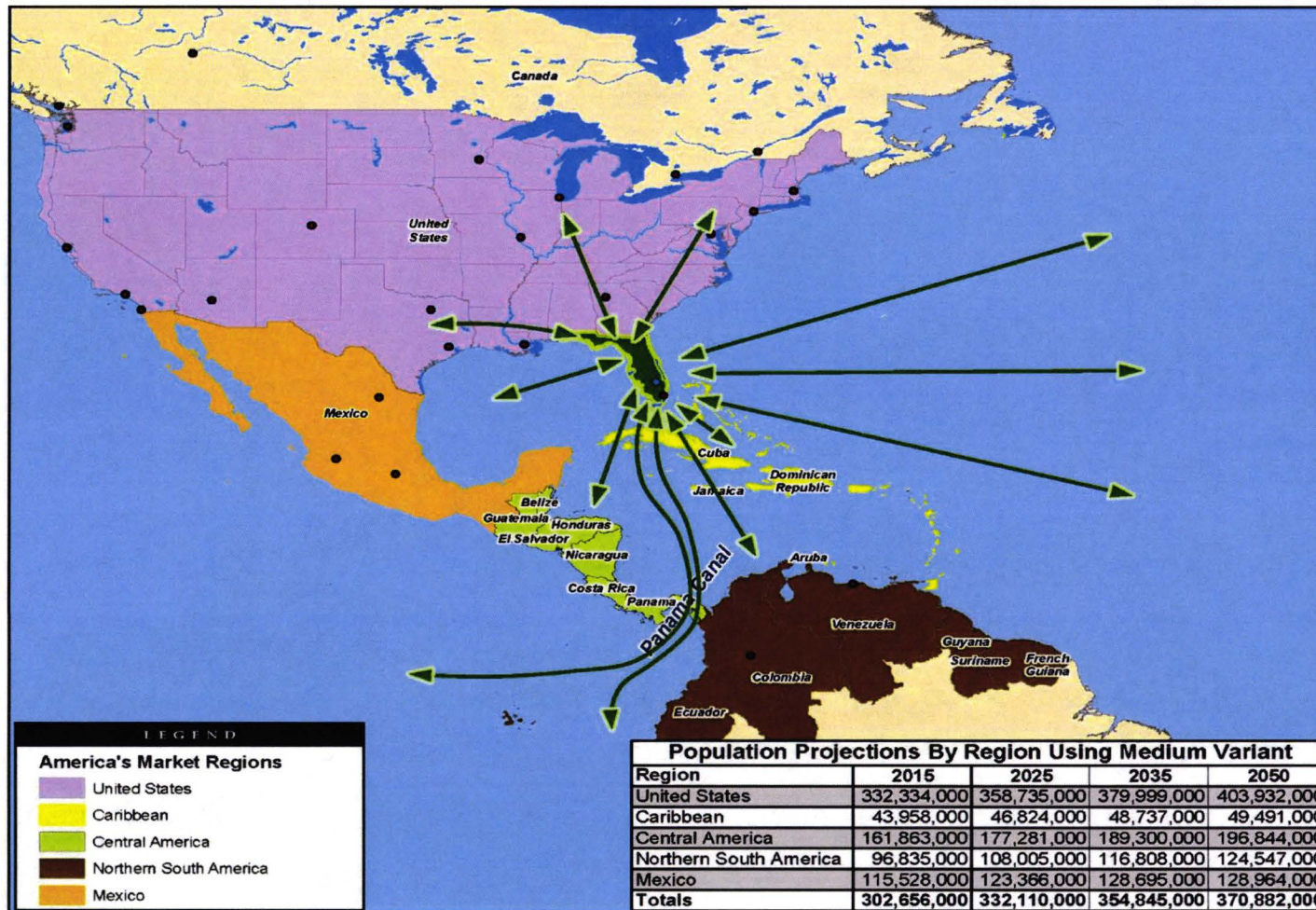
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Goods shipped through Florida Seaports include:

- Aggregates, Asphalt, Automobiles, Automotive Parts, Aviation/Jet Fuel, Biofuels, Building Materials,
- Clothing, Coffee, Cement, Computers and Electronics, Copper, Dairy Products, Feeds, Fertilizers, Fruits, Furniture
- Gasoline, Grain, Household Appliances, Leather Goods, Lumber,
- Orange Juice, Natural Gas, Petroleum, Power Plant Fuel, Refrigerated Products, Salt, Steel, Sugar, Wood Pellets



Key Markets for Florida Seaports



Economic Impact of Seaports

- ❖ Over the last three years, Florida has committed **more than \$700 million** in state funds to strategic port infrastructure investments.
- ❖ Cargo and cruise activity in Florida is responsible for more than **680,000 direct and indirect jobs** and **\$96.6 billion** in total economic value.
- ❖ These activities contribute more than **\$2.4 billion** in state and local tax revenues.
- ❖ The national average annual wage of seaport-related jobs is \$54,400, **double the average annual wage** for all other non-advanced degree occupations (\$26,933) and \$15,000 more than the average annual wage for all occupations (\$38,470).

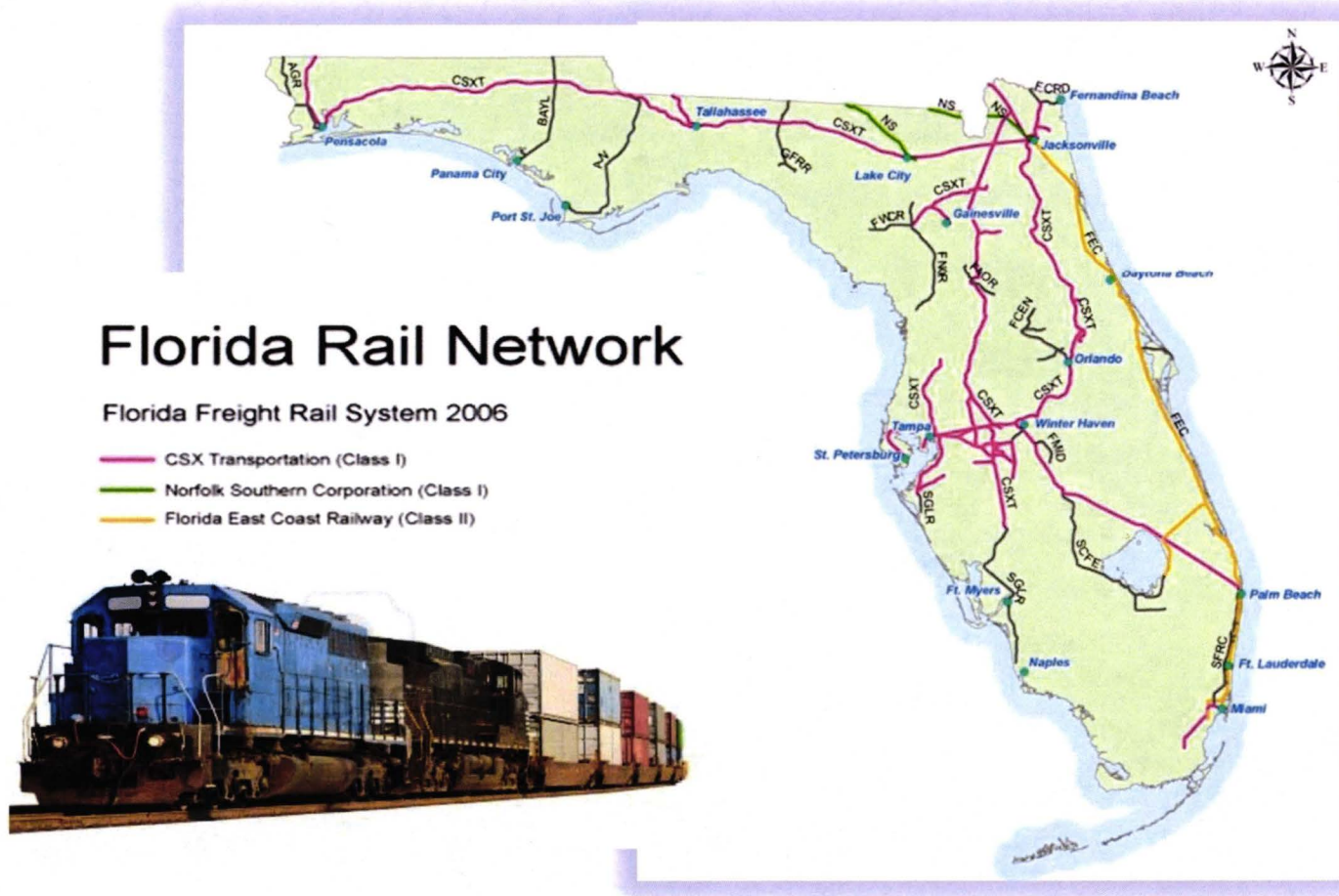


Florida's Road Network



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Florida's Rail Network



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Florida is the World Cruise Capital

- ⊕ In 2013/14, more than **14 million passengers** came through Florida's ports.
- ⊕ PortMiami is the top cruise port in the world with **4 million multi-day passengers**.
- ⊕ Port Canaveral counted **4 million passengers including one-day cruises**.
- ⊕ Port Everglades had 3.6 million, with 12 cruise lines and 42 vessels in 2013, has **more home-port cruise ships than any in the world**.



The Cruise Industry in Florida

- ✦ Florida is ranked first in the nation for cruise industry expenditures with **\$6.7 billion in direct spending** according to the Cruise Lines International Association (CLIA).
- ✦ Florida's five cruise ports handled **62 percent of all U.S. cruise embarkations**.
- ✦ The state of Florida is home to the HQs of 12 cruise lines, including ***the three largest***: Carnival, Royal Caribbean, and Norwegian Cruise Lines.
- ✦ Cruise Industry Spending generated **140,000 jobs** and wages totaling nearly **\$6.5 billion** in income for Florida workers.



Florida Ports

Port Canaveral



Port Citrus



Port of Fort Pierce



Port Everglades



Port of Fernandina



Florida Ports

JAXPORT



Port of Key West



Port
Manatee



PortMiami



Port of Palm Beach



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Florida Ports

Port Panama City



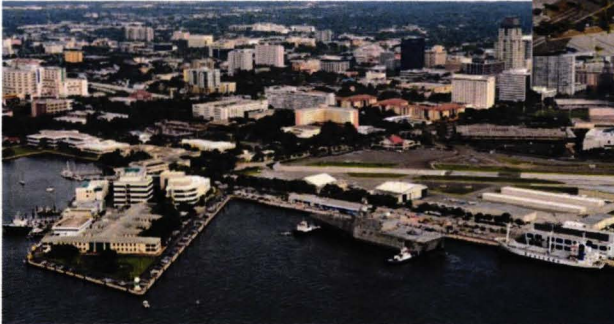
Port of Pensacola



Port
Tampa Bay



Port of St. Petersburg



Port of Port St. Joe



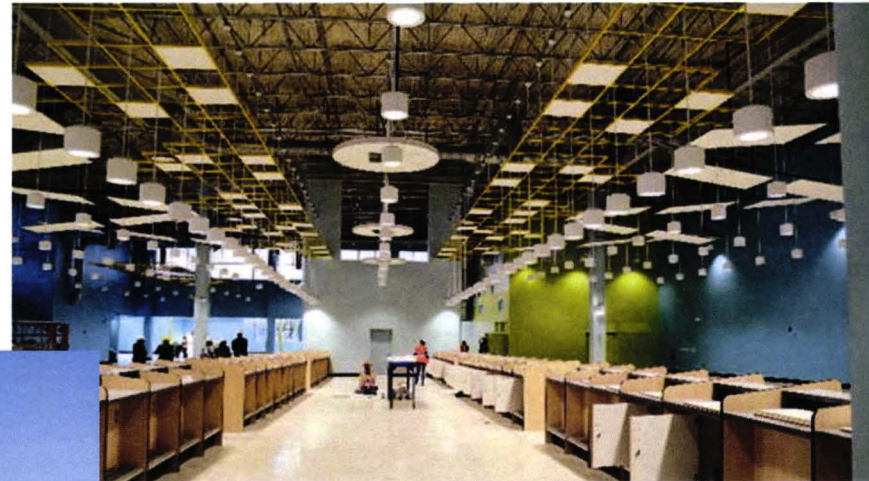
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Florida Ports Projects

Port Canaveral Cranes



Port Everglades Cruise Terminal 4



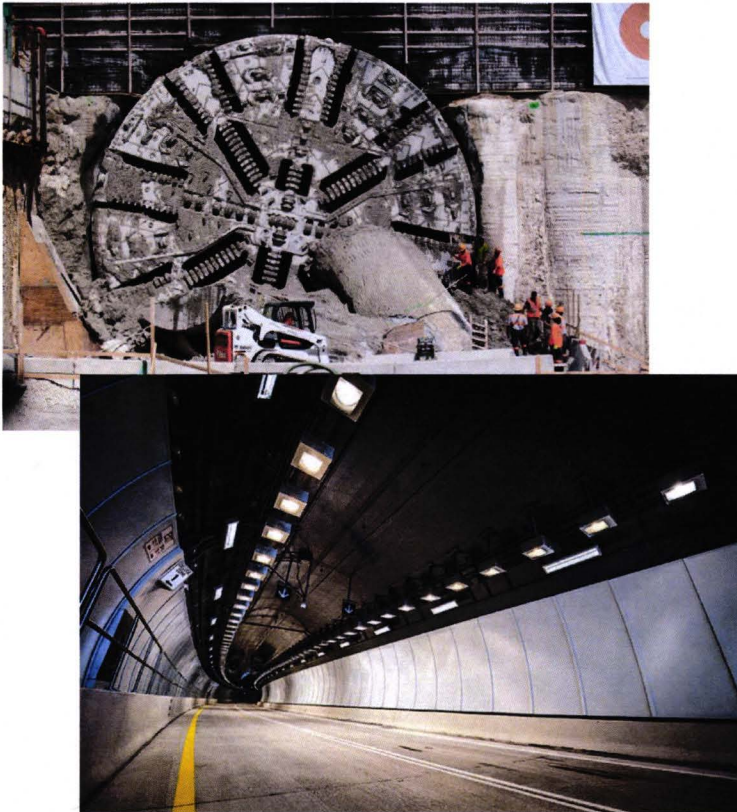
Port Panama City
Intermodal
Distribution Center



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Florida Ports Projects

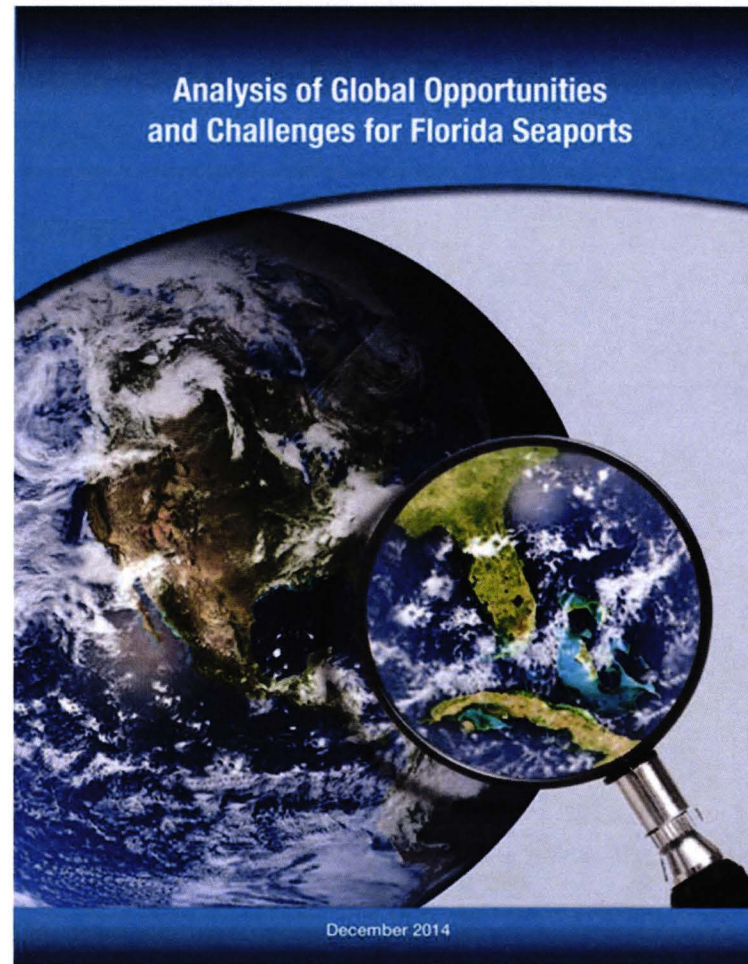
PortMiami Tunnel



Port Tampa Bay I-4 Connector



Analysis of Global Opportunities



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Seaport Legislative Priorities

- ✦ To maintain or increase seaport infrastructure funding in order to further position Florida as a global trade leader.
- ✦ To identify legislative means to attract new import or export business to Florida (manufacturers, retailers, logistics etc.)
- ✦ To identify and address issues that make Florida less competitive as compared to other Gulf Coast/East Coast states.

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**Presentation to House Transportation Committee
on the Aviation Industry in Florida
by Michael Stewart, President, Florida Airports Council**

January 21, 2015

The Florida Airports Council is the statewide association representing Florida's publicly-owned and operated airports, consisting of Florida's 19 commercial service airports, 76 general aviation airports, more than 230 corporate and affiliate members, 7 universities, and two student chapters. We are, in fact, the largest state airport association in the United States.

Our members believe that **"the airport runway is the most important main street in any town"**. Airports are more than gateways to travel; they are gateways to economic opportunity.

- Aviation in our state is big business. It generates \$144 billion in economic activity, supports 1.3 million direct and indirect jobs, and has an annual payroll of more than \$44.5 billion/year.
- Nearly 13% of all jobs in Florida are tied in some way to its public airports.
- Florida ranks second in the nation for the number of passenger enplanements and deplanements, with more than 144.9 million passengers using Florida's commercial airports last year. This is forecasted to increase to 252 million annual passengers by 2032.
- Nearly all international visitors, and approximately half of the domestic visitors traveling to Florida, come by commercial airline. Another 2.9 million come by private aircraft.

Aviation and aerospace in Florida are incredibly robust and show no sign of slowing. According to the July 2014 "Ready for Takeoff" report from Florida Tax Watch, our state is second in the nation with 249 aircraft manufacturing companies, with more than 2,500 employees. Aircraft and aircraft parts were the second largest Florida export category in 2013.

- Florida continues to be the dominant leader in International Air Freight in the continental U.S. with Miami International Airport moving more than 2 million tons of cargo annually with a value of about \$70 billion.
- 36% of Florida's international trade dollars are generated by air cargo shipments.

[One new Boeing 747 flight to a Florida market provides an extra \$100 million in economic impact annually.]

- In 2013, 94.7 million visitors travel to Florida, a 3.5 percent increase over 2012.

- Approximately half of Florida's visitors arrived by air. That equates to 48 million Florida visitors passing through Florida's airports last year.
- Of that, 29.1 million visitors were international passengers, which is 20% of the total air passengers.

International Air Service

Despite global economic challenges, international passenger arrivals continue to grow in our state. Eight of Florida's 19 commercial service airports have scheduled service to international destinations. According to the Florida Department of Transportation:

- 51% are bound for the Caribbean,
- 36% to Central and South America,
- 8% to Europe, and
- 5% to Canada.

Florida's airports provide public non-stop scheduled service to more than 160 domestic and international destinations.

Visit Florida launched an incentive program to develop new international air service to Florida called *Air Team Florida*. Visit Florida will budget \$1 million per year to support expansion of international air service to Florida. The grant will match 100% of the airport's contribution for inbound international flights. These marketing incentive funds can be used for: Advertising; Special Events; Social Media; and Direct Mail.

Intra-State Air Service

Air service between destinations within the state continues to be a challenge. In 2013, five Florida airports accounted for 80 percent of the total intra-state passenger traffic: Tampa, Fort Lauderdale, Miami, Orlando, and Jacksonville. The Council, along with FDOT, continually work to increase and improve intrastate air service.

Florida's General Aviation and Community Airports

- Accommodate more than 9 million vacation or business travelers to the state,
- Serve as home to 14,000 based aircraft and handle 7 million annual take-offs and landings,
- Support disaster recovery, emergency response, law enforcement, search and rescue services,
- and perhaps, most importantly, relieve congestion at Florida's busy commercial airports.

Air Cargo

Florida's Air Cargo industry (both on and off airport) provides nearly 130,000 jobs, over \$5 billion in annual payroll, and \$10.3 billion in annual economic activity.

Manufacturing

Aircraft and Parts Manufacturing and Assembly is a rapidly growing industry in Florida. A recent white paper prepared the Southern Legislative Conference indicates that there is clear movement by many aeronautics companies to the South, moving away from the three states that previously dominated the sector - California, Kansas, and Washington.

According to SLC, even though U.S. manufacturing employment shrank by 22 percent between 2002 and 2012, the aeronautics/aerospace sector grew 7 percent over the same period and is expected to continue to expand.

Boeing Aircraft projects demand for nearly 32,000 new aircraft by 2031, Airbus projects demand for 19,200 new jets of all types, amounting to \$1.4 trillion in sales, by 2030.

Aerospace companies expanding their operations in and around Florida include: Boeing, Airbus, Gulfstream, Honda Aircraft, GE Aviation, Rolls-Royce, and Dassault Falcon Jets.

Embraer, the Brazilian aerospace conglomerate that produces commercial, military, and executive aircraft, is expanding its Melbourne operation to manufacture the company's Legacy 450 and 500 corporate aircraft, and its Jacksonville operation to build military aircraft for the US government.

Why Aerospace is a Growth Market for Florida

First, it's the Workforce

Florida has taken aggressive steps to design workforce development programs in aeronautics and aviation to promote our state as a viable manufacturing option for the industry.

Secondly, it's the Economies of Scale and Clustering

The real beauty of all of these aerospace companies locating in the south is the economies of scale and benefits created by the cluster effect, which relates to the growing number of aeronautics plants, and hundreds of parts suppliers, in close proximity to each other, which all serves as an impetus for the growth of the industry in the region. [For example, by 2012, a few years after opening its South Carolina location, Boeing had working relationships with 345 suppliers and vendors in the state.]

Next, it's Incentives

Florida and other Southern states extend attractive incentive packages for aviation and aerospace companies that relocate here. Of course, Florida is unique in that its workforce has actually put people on the moon!

Last year we saw the Florida Legislature step up to the plate with more than \$21 million in incentives to attract yet another new, large aviation firm to Melbourne International Airport.

Companies also have to consider Florida's other advantages, such as:

1. The ability to construct new manufacturing facilities, incorporating all the latest technologies at a Florida location, as opposed to reconfiguring older assembly plants in California and Washington;
2. The low rates of unionization in the South, and basic lack of interest among Southern workers to unionize;
3. The intermodal transportation network in the region, linking highways, railways, airports and ports. In fact, when Airbus announced its Mobile, Alabama manufacturing facility, company officials cited the Port as an instrumental factor in its location decision.

There are several other factors that make Florida attractive for aeronautical companies, including: the weather, lower cost-of-living, no personal income tax, relatively inexpensive property on which to build, and a high quality of life.

As you can imagine, securing or expanding a major aeronautics company generates an array of direct and indirect economic flows to the city, state, and the region.

Exports

While there has been interest at every level of government to expand exports in recent years, the export of aircraft and related items is an area where the United States enjoys a clear dominance in global circles.

Aerospace exports fared extremely well in the last decade, with an export value that increased from \$56 billion in 2002 to \$106 billion in 2012, an increase of nearly 90 percent.

Not only does the Florida rank second nationally in terms of the number of aviation-related establishments, with more than 2,000, this part of our industry employs more than 87,000 workers across the state.

Job Creation

Job creation is key to Florida's economy and under Governor Scott's leadership, 620,700 private-sector jobs have been created since 2010. And to that point, over the past year Governor Scott has made numerous aviation project announcements, including:

Melbourne International Airport

- Embraer's two new facilities: engineering and aircraft manufacturing - 800 new jobs.
- Expansion of Northrop Grumman building upon and expanding the cluster of aerospace manufacturing and engineering - 1,800 new jobs with the average salary of \$100,000

Miami International Airport

- LAN Cargo constructing an aircraft fleet maintenance facility
- Creates 300 new jobs
- Represents a \$20 million capital investment

Orlando International Airport

- South Terminal Complex
- This project serves aviation, automated people mover, rental car, rail, bus taxi, and shuttle transportation
- 1,900 construction jobs
- 380 permanent jobs

Tampa International Airport

- Project includes an automated people mover, terminal renovations and new rental car facility with a transit stop
- 7,141 construction jobs
- And, ultimately 1,112 permanent jobs

Fort Lauderdale-Hollywood International Airport

- The new runway at Fort Lauderdale/ Hollywood International Airport which was recently completed and will double the airport's runway capacity
 - Total cost over \$800M
 - Required 7 million cubic yards of fill
 - That's enough material to fill the Louisiana Superdome 1.5 times
 - Included 350,000 square feet of Mechanically Stabilized Earth Wall
 - Created over 10,000 construction jobs

Florida's Airports are User Fee Supported

Airport users pay to maintain and grow the system, with annual fuel sales in excess of a billion gallons per year, which goes directly into the Transportation Trust Fund.

But, Continued State Investment is Needed

and here's why:

- Growing congestion on highways will continue to increase the need for air travel,
- 30% of Florida's public airports are reaching their operational capacity limits and need to expand,

- and, development around Florida’s airports is seriously constraining necessary growth

2014 Legislative Session

In 2014, The Florida Department of Transportation received the largest appropriation of budget authority in the department’s history at just over \$10 billion, which included an historic \$337 million budgeted for the Aviation and Spaceports Office. Over the next five years the state plans to invest over \$1 billion in our aviation infrastructure.

Florida Airports Council's Legislative Priorities for 2015

HIGH PRIORITY

State funding for Airport Development Grant Program – FAC supports state funding for airport development that is no less than that which is proposed by FDOT in the Tentative Work Plan for 2015/16.

Aviation Fuel Taxes – FAC opposes any attempts to waive, reduce, or suspend aviation fuel taxes on a statewide or local basis. The aviation fuel tax serves as a fiscal resource to fund, in part, infrastructure facilitating the movement of passengers and cargo at Florida’s airports.

Updates of Chapters 332 and 333 F.S. – FDOT is proposing a rewrite of Chapter 333 F.S. pertaining to land use around airports and many of Florida’s airports are concerned about the state’s maximum 30-year term of airport aeronautical leases, as found in Chapter 332 F.S.

Ride Share Services - Florida’s airports must preserve their ability to regulate and charge commercial operators operating on airport property and to maintain compliance with FAA grant assurances.

MONITOR LIST

Federal Contract Tower Program – Support Federal Affairs Committee efforts to ensure continued federal funding at affected Florida airports. Explore alternate state funding sources in the event federal funding is reduced or terminated.

Nuisance Lawsuits Regarding Public Records Requests – A number of Florida's airports and municipalities are concerned with random public records requests for FAA Form 7480-1. These requests are often sent to random employees and later followed by a court summons alleging improper response to the request. .A letter from a law firm arrives next suggesting a settlement.

E- Cigarettes- State laws regarding sale and use of E-Cigarettes as they may affect airports -

Liability Protection for Safety Management Systems (SMS) - FAC supports legislation that prohibits the disclosure of reports or data collected to develop an SMS unless information identifying the individual or entities submitting the information is removed. The prohibition is limited to information that is voluntarily disclosed.

Mr. Chairman, on behalf of the Florida Airports Council, we thank the Legislature for its support of the airports, and we join our other intermodal partners; seaports and spaceports, in urging you to continue your financial support of transportation, which we all believe is the keystone industry to Florida's economic success in the future.

Thank you.

For additional information, contact:

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Florida Airports Council
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bill@floridaairports.org

FLORIDA AIRPORT FAST FACTS¹

(Current as of November 1, 2014)

- Florida is home to 129 public airports, 19 of which have commercial air service.
- More than 8.5% of Florida's Gross State Product results from businesses dependant on aviation.
- Florida is the only state in the U.S. with four large hub airports - Orlando International, Tampa International, Fort Lauderdale-Hollywood International, and Miami International.
- Commercial enplanements were 60 million prior to 9/11; 72.2 million in 2013.
- Passenger traffic returned and exceeded pre-9/11 levels in 2004.
- Commercial airports accommodate more than 144.9 million passengers annually, ranking Florida second in the nation for 2013.
- Florida International Airports accommodated 29.1 million international passengers in 2013, which is 20.12% of the total air passengers.
- In 2013, slightly more than half (50.5%) of Florida's visitors arrived by air.
(VISIT FLORIDA, 2014)
- Airline passenger growth in Florida is more than double the national average.
- Florida houses more than 6% of the nation's entire general aviation fleet.
- General aviation and community airports accommodate more than nine million visitors and business travelers annually.
- All of this accounts for more than \$116.3 billion in annual economic activity.
- Air cargo operations account for more than \$10.3 billion in annual economic activity to Florida.
- Commodities carried by Miami International Airport are valued at \$68.5 billion in 2013 which accounts for 80.9% of the total commodities carried by Florida airports.
- Nationally, Florida ranks fourth in total air cargo tonnage, capturing an 11.2% market share of top ten air cargo states.
- 36% of Florida's international trade dollars are generated by air cargo shipments.

¹ (Source: Florida Department of Transportation, Aviation Office and VISIT FLORIDA.)